



The FiDi Report

*A Survey of Apartment Rental Trends
in New York's Financial District*

YEAR END 2010

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Introduction

2010 was a great year for the luxury rental market in the Financial District. With rent increases across the board we saw a tightening of the market, stabilization of rents, and cutback in concessions. The market saw little to no new rental units come to the market and with the extended lease terms carrying over from 2009, a typically busy summer with higher turnover rates and more vacancies was no longer the case. Instead, over the summer we saw a cutback in concessions to the point of limited owner paid commissions (OP) and few free months of rent offered. Landlords responded to the seasonal summer demand by increasing rents and rapidly renting inventory, seeming optimistic about the market.

Through the end of summer and moving into fall, the leasing pace slowed down with less demand overall, but the inventory remained limited with little turnover. Prices continued to be stable, inching up only slightly as many landlords brought back OP's and some smaller concessions.

As the year closes out, we are seeing a slight softening of the market with concessions once again returning in the form of free months and owner paid commissions. Many of the extended leases signed in the summer months of 2009 are showing renewals and the vacancy rate will be highly contingent upon whether the neighborhood landlords choose to employ aggressive or conservative renewal rates.

The coming year could show to be a bumpy ride for FiDi with varying concessions and spikes in vacancy, due to a large number of rental units coming to the market. Both Bruce Ratner's Beekman Tower as well as the newly converted rental units at Andre Balazs' William Beaver House could mean good things for renters. Look for some great deals in the next few months with competitive rents, spacious apartments and, as always, luxurious buildings.



Daniel Hedaya
Executive Vice President

MARKET OVERVIEW							
		<i>SF</i>	<i>Price</i>	<i>\$/SF</i>	<i>#</i>	<i>%</i>	<i>% Change</i>
2010	Studio	569.14	\$ 2,314.20	\$ 48.79	768	32%	4.68%
	Studio w/ HO	756.1	\$ 2,757.62	\$ 43.77	291	12%	4.10%
	1 Bedroom	716	\$ 3,013.85	\$ 50.51	974	41%	3.88%
	2 Bedroom	1053.64	\$ 4,442.45	\$ 50.60	338	14%	9.05%
2009	Studio	566	\$ 2,210.77	\$ 46.84	851	34%	-9.88%
	Studio w/ HO	703.5	\$ 2,648.90	\$ 45.19	382	15%	-11.10%
	1 Bedroom	718	\$ 2,901.18	\$ 48.49	922	37%	-8.30%
	2 Bedroom	1076.98	\$ 4,073.94	\$ 45.39	317	13%	-7.82%
2008	Studio	543	\$ 2,453.08	\$ 54.23	443	31%	6.30%
	Studio w/ HO	688.2	\$ 2,980.63	\$ 51.97	202	14%	3.93%
	1 Bedroom	687.6	\$ 3,163.93	\$ 55.22	535	38%	3.33%
	2 Bedroom	1003	\$ 4,419.45	\$ 52.53	238	17%	0.00%

Resilient FiDi - Increases Across The Board!

With the tightening of the rental market in 2010, the Financial District showed steady rent increases across the board from studios through two-bedroom apartments. Due to the lack of new development and the unusually slow summer months, landlords were able to regain the upper hand and raise rents across the board while still maintaining a generally low vacancy rate. Two bedroom apartments showed the most dramatic increase of over 9% which brought average prices above 2008 levels to \$4442.45 per month.

SIZE VS. CONCESSIONS				
	<i>1 Month</i>	<i>2 Months</i>	<i>3 Months</i>	<i>4 Months</i>
Studio	191	254	24	4
Studio w/ HO	70	122	2	0
1 Bedroom	203	193	66	0
2 Bedroom	64	153	12	1

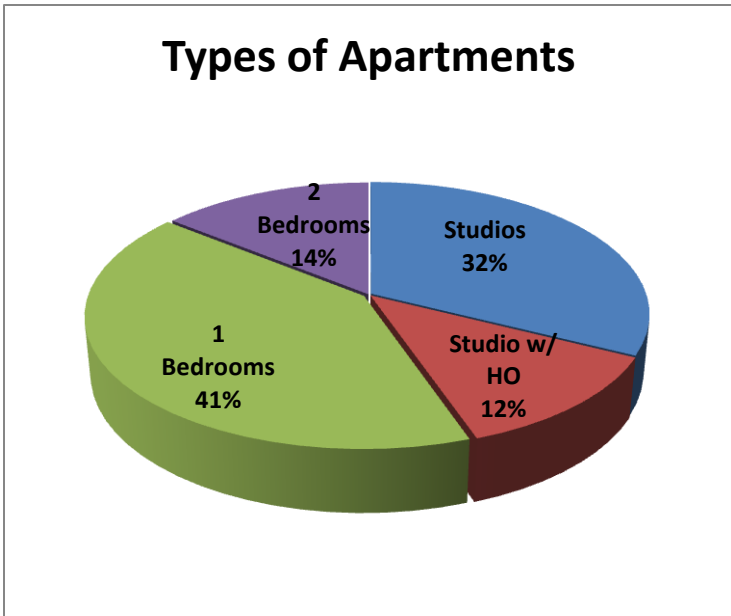
Concessions make for great deals.

Concessions remained present for the majority of 2010. While we saw a slight decrease over the summer with limited inventory, developers jockeyed for the competitive edge by offering stronger concessions than others, in the form of free months rent and owner paid commissions. Studios and one-bedrooms saw the most action with approximately 50% of units rented offering at least one month free. Concessions were also offered on nearly 50% or more of all unit types in the Financial District.

VACANCY RATE	
Market Size 2009	7649 Units
Vacancy Rate 2009	4.98%
Market Size 2010	7692 Units
Vacancy Rate 2010	3.61%

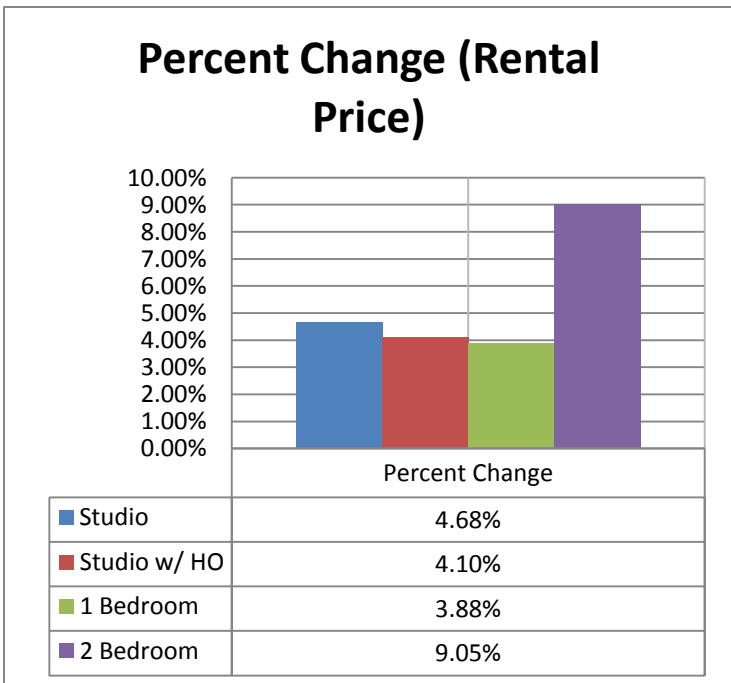
Vacancy Shows Decline

Vacancy was kept at bay mainly by the decline in new development and the lower apartment turnover caused by the extended lease terms signed in 2009. While vacancy dipped dramatically during the summer, the overall decrease was just over 1% down from 4.98% in the previous year to 3.61%.



With Spacious Layouts, One-Bedrooms Still in Greatest Demand

For the fourth year in a row, in the history of this Report, the average square footage of apartments in FiDi has continued to increase slightly. Studios with home offices have proven to be a great economical alternative for renters, priced almost 10% lower than one-bedrooms while offering more space and the same soaring ceiling heights, impressive views and finishes. One-bedrooms, however, continue to be in the most demand, comprising 41% of all transactions.



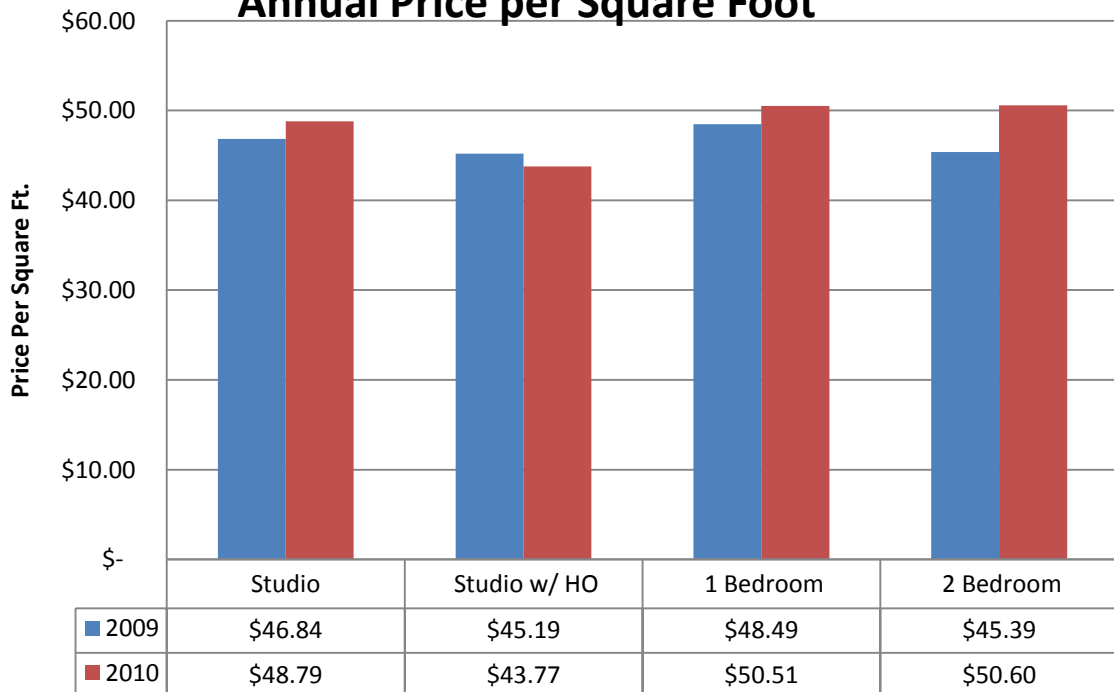
Rents Up Average of Over 5%

Average increases across the board for 2010 showed to be close to 5% with the highest increase coming in two-bedroom layouts. The most modest increase was one-bedrooms which rose from \$2901.18 to \$3013.85.

Average Rental Prices



Annual Price per Square Foot



The FiDi Report, which is prepared by Platinum Properties' Executive Vice President Daniel Hedaya, focuses exclusively on real estate activities in New York City's Financial District, encompassing the areas bounded by the West Side Highway, the FDR Drive, Fulton Street and Battery Park. Luxury doorman buildings containing over 7,600 rental apartment units participated in this survey. Data represents best available information derived, in part, from 2,371 individual leasing transactions completed during this Report's stated time frame.